

Message Text

LIMITED OFFICIAL USE

PAGE 01 CURACA 00398 01 OF 02 030758Z

ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07

SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /142 W

-----066074 030807Z /15

R 021755Z JUN 78

FM AMCONSUL CURACAO

TO SECSTATE WASHDC 3909

INFO AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 1 OF 2 CURACAO 0398/1

E.O. 11652: N/A

TAGS: PGOV, ECON, NA

SUBJECT: PM ROZENDAL'S SPEECH OPENING NEW PARLIAMENTARY SESSION

RELATES ANTILLEAN ECONOMIC PROBLEMS TO US PETROLEUM POLICIES

REF: 77 CURACAO A-43 OF DECEMBER 14, 1977

1. SOMETIME AGO WE POUCHED TRANSLATION OF TEXT OF MINISTER PRESIDENT ROZENDAL'S MAY 9 SPEECH AT OPENING OF STATEN. FOR DEPARTMENT'S CONVENIENCE, EARLY PORTION OF SPEECH, TOUCHING ON EFFECT OF US ENTITLEMENTS PROGRAM ON LOCAL REFINERIES, IS REPEATED IN PARA. 4, BELOW.

2. AS ROZENDAL NOTES, ANTILLEAN POSITION, WHICH SEEKS TO AVOID COMPETITIVE DISADVANTAGE IN RELATION TO U.S.-TERRITORY REFINERIES IN CARIBBEAN, HAS BEEN PUT TO USG IN A NUMBER OF "EXTENSIVE MEMORANDA." SO FAR AS WE CAN SEE, NO NEW ARGUMENTATION IS PUT FORWARD IN THIS SPEECH.

3. SIGNIFICANCE OF THIS PORTION OF SPEECH APPEARS TO LIE IN TWO POINTS:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CURACA 00398 01 OF 02 030758Z

A. ROZENDAL INTENDS TO TAKE MATTER UP IN WASHINGTON DURING HIS COMING VISIT. THIS WILL BE NO NEWS TO DEPARTMENT.

B. ROZENDAL HAS FOR FIRST TIME -- INDEED HE IS FIRST NAG OFFICIAL TO DO SO -- PUBLICLY LINKED ECONOMIC DIFFICULTIES HERE WITH US POLICIES, WHICH HE IMPLIES ARE UNFAIRLY DISCRIMINATORY. NOR WILL THIS POSITION BE NEWS TO DEPARTMENT.

POINT, HOWEVER, IS THAT HERETOFORE ONLY REFINERIES, NOTABLY SHELL'S GENERAL MANAGER, HAVE PUBLICLY POINTED FINGER AT US (77 CURACAO A-43). STATEMENTS FROM REFINERY HAVE ADUMBRATED FUTURE UNEMPLOYMENT AND OTHER ECONOMIC STRESSES. ROZENDAL, ALSO FOR THE FIRST TIME PUBLICLY, HINTED AT POSSIBLE "SOCIAL INSECURITY," A PHRASE THAT TO LISTENERS AND READERS HERE CONJURES UP VISIONS OF MAY 30, 1969, DISTURBANCES.

4. FOLLOWING IS TRANSLATION OF RELEVANT PORTION OF ROZENDAL'S SPEECH:

BEGIN TEXT. THE CABINET MUST NOT OMIT MAKING A REFERENCE TO THE EXTREMELY DIFFICULT TIMES, WHICH THE OIL REFINERIES ESTABLISHED IN AJUBA AND IN CURACAO HAVE BEEN GOING THROUGH EVER SINCE 1975 AS THE RESULT OF THE RECESSION OF THEIR SALES.

AS THE CHIEF CAUSE OF THE RECESSION WITH LAGO AND SHELL MUST BE LABELLED THE SIZABLE LOSS OF THE EAST COAST OF THE UNITED STATES OF AMERICA AS A MARKET FOR REFINED PRODUCTS, WHICH MARKET HAS ALWAYS BEEN THE MAIN ONE FOR OUR EXPORTS. THE FOLLOWING FIGURES WILL ILLUSTRATE MY POINT:-

OPPOSITE THE JOINT EXPORT VOLUME OF LAGO AND SHELL TO THE UNITED STATES OF AMERICA OF 608,000 BARRELS PER DAY IN 1973 -- THE LAST YEAR PRIOR TO THE OIL CRISIS -- THE EXPORTS IN 1977 WERE SOLELY 234,000 BARRELS PER DAY, A RECESSION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CURACA 00398 01 OF 02 030758Z

EXPRESSED IN PERCENTAGES IS 61 1-2 PERCENT. THIS RELATIVELY UNATTRACTIVE PICTURE OF AFFAIRS BETWEEN 1975 AND TODAY OF OUR TRADITIONAL AND HISTORICAL SALES MARKETS FOR OIL PRODUCTS, IS TO BE ATTRIBUTED CHIEFLY TO THE ADOPTION IN 1974 IN THE UNITED STATES OF AMERICA OF THE SO-CALLED "CRUDE OIL EQUALIZATION" SYSTEM, THE OBJECTIVE OF WHICH IS TO EQUALIZE THE COST OF CRUDE OIL BETWEEN THE REFINERIES ESTABLISHED IN THAT COUNTRY MUTUALLY, TO AN AVERAGE LEVEL THAT IS NOTABLY BELOW THE PRESENT-DAY WORLD MARKET PRICE OF THE OPEC AND NORTH SEA CRUDE OILS.

THIS DIFFERENCE IN THE SO-CALLED FEEDSTOCK COSTS OF A REFINERY ESTABLISHED IN THE UNITED STATES, COMPARED WITH THEIR FOREIGN - CHIEFLY CARIBBEAN - COMPETITORS, SUCH AS THE ANTILLEAN REFINERIES AND THE BORCO REFINERY LOCATED IN FREEPOST, BAHAMAS, OF THE VERY NATURE OF MATTERS CONTINUES ITS EFFECT UPON THE FINAL SELLING PRICES OF REFINED PRODUCTS, AND CREATES A SIZABLE ADVANTAGE FOR THE SUPPLIES OF THE DOMESTIC REFINERIES THAT ARE FAVOURED BY THE CRUDE EQUALIZATION SYSTEM MENTIONED ABOVE.

NOTABLE INDEED IS THE FACT, THAT THE US VIRGIN ISLANDS, ALTHOUGH CONSTITUTIONALLY NOT PERTAINING TO THE USA

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CURACA 00398 02 OF 02 030910Z
ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /142 W
-----067050 030920Z /15

R 021755Z JUN 78
FM AMCONSUL CURACAO
TO SECSTATE WASHDC 3910
INFO AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 2 OF 2 CURACAO 398/2

CUSTOMS TERRITORY, FOR THE APPLICATION OF THE EQUALIZATION
SYSTEM ARE IN ACTUAL FACT CONSIDERED TO BE DOMESTIC TERRITORY.
SEEN FROM THIS LIGHT IT CAN BE EXPLAINED HOW AND WHY THE
COMPETITION AGAINST THE REFINERIES IN THE NETHERLANDS
ANTILLES, TO WIT AMERADA HESS A LATECOMER AT THE END OF THE
SIXTIES, ON THE ISLAND OF ST. CROIX GREW OUT TO BE THE WORLD'S
BIGGEST REFINERY IN TERMS OF INSTALLED CAPACITY, WITH A
THROUGHPUT OF 730,000 BARRELS PER DAY. OPPOSITE STANDS THE
SITUATION FOR CARIBBEAN SUPPLIERS WHO HAVE TO COPE WITH MILLIONS
AND MILLIONS IN WAY OF OPERATING LOSSES.

I FEEL THAT AFTER THIS INTRODUCTION TO THE PETROLEUM SITUATION,
I MUST MENTION THE FACT THAT EVER SINCE THE MIDDLE OF 1975
THE ANTILLEAN GOVERNMENT HAS SENT ELEVEN EXTENSIVE MEMORANDA
TO THE FORMER FEDERAL ENERGY ADMINISTRATION, NOW MERGED INTO
THE NEW MINISTRY OF ENERGY (SECRETARY SCHLESINGER), IN WHICH
TIME AND AGAIN THE ANTILLEAN VIEWPOINT WAS EXPOUNDED AND/OR
DEFENDED IN SPECIFIC MATTERS PUT UP FOR DISCUSSION AS THE FULCRUM
PIN OF PETROLEUM.

WE HAMMERED SPECIFICALLY ON THE PRIVILEGED POSITION OF THE
AMERADA HESS REFINERY IN ST. CROIX, US VIRGIN ISLANDS.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CURACA 00398 02 OF 02 030910Z

IN THE COMING SESSION YEAR OF YOUR COUNCIL THE ADMINISTRATION
WILL CONTINUE ITS EFFORTS FOR OBTAINING EQUAL TREATMENT BY
THE AMERICAN AUTHORITIES FOR SIMILARLY-SITUATION CARIBBEAN
EXPORTING REFINERIES , WHICH AS CONCERNS CRUDE OIL AND SALES
MARKETS ARE DEPENDENT ON MARKETS ABROAD.

IN THIS RELATIONSHIP LET IT BE NOTED THAT A BRIEF WHILE AGO
TWO GOVERNMENT ADVISERS - COMPONENT MEMBERS OF THE "COMMISSION
REFINING PROBLEMATIC" INSTALLED BY THE ANTILLEAN GOVERNMENT
RECENTLY -- HAVE EFFECTIVELY PARTICIPATED IN THE HEARINGS HELD
BY THE MINISTRY OF ENERGY OF THE USA, FOR DISCUSSING THE PRESENT-
DAY DIFFICULTIES ON THE USA EAST COAST AS TO THE MARKET FOR
REFINED OIL PRODUCTS. THAT OCCASION WAS USED TO ONCE MORE
DIRECT THE KLIEG LIGHTS UPON THE PRECARIOUS SITUATION OF THE
PETROLEUM REFINERIES OPERATING IN THE NETHERLANDS ANTILLES,
AND THE THERETO COUPLED ECONOMIC AND SOCIAL INSECURITY.
THIS WAS ALSO DONE AS A PREPARATION OF MY VISIT ON THIS TOPIC
TO WASHINGTON, WHICH WE EXPECT TO MAKE IN JUNE NEXT.

THE ENTIRE MATTER WILL THEN BE REHASHED AND ANY FURTHER
DETAILS DESIRED BY THE AMERICAN AUTHORITIES WILL BE FURNISHED
EXPEDITIOUSLY. END TEXT.
PENBERTHY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, POLICIES, PETROLEUM, TRADE DISCRIMINATION, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CURACA00398
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780232-0896
Format: TEL
From: CURACAO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806104/aaaadlfa.tel
Line Count: 195
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8969147d-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2149904
Secure: OPEN
Status: NATIVE
Subject: PM ROZENDAL'S SPEECH OPENING NEW PARLIAMENTARY SESSION RELATES ANTILLEAN ECONOMIC PROBLEMS TO US PETROLEUM POLICIES
TAGS: PGOV, ECON, NA, US, (ROZENDAL, SYLVIVUS)
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/8969147d-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014